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SUBJECT: RIVER TRANSPORT IN THE DRC

¶1. (SBU) Summary: River transport will likely play a pivotal role and become very lucrative in the event of economic recovery in the DRC. There is a very high demand for river transport, but corruption, lack of government services and other obstacles limit growth. End summary.

BACKGROUND

¶2. (U) The DRC's river system is a crucial component of the transport sector, particularly as few roads link major cities throughout the country. The Congo River and its main tributary, the Kasai, form the primary river system, with over 9,000 navigable miles that reach about three-fourths of the DRC. The Congo River is navigable for a stretch of about 1,000 miles, from Kinshasa to Kisangani, Orientale province, and the Kasai is about 500 miles long, linking Bandundu city, in Bandundu province, to Ilebo, Western Kasai. Other important tributaries include the Ubangi, Itimbiri, Lomami, Kwilu and Lukenie, and in the east the lakes Tanganyika and Kivu are integral. According to NGO Innovative Resources Management (IRM), which manages a river anti-corruption program, 60 boats travel along the Congo River monthly with an estimated 36,000 tons, but traffic along the Kasai exceeds 120 boats monthly carrying 72,000 tons.

¶3. (U) River transport is generally used to transport consumer goods and humanitarian aid supplies to the interior of the country, and to deliver agricultural products, such as corn, manioc and peanuts, for domestic and limited export sale. According to river transport operators, the cost of cargo on the Kasai is about 16 cents per ton per mile, and 12 cents per ton per mile on the Congo. The price differential is a result of easier navigability on the Congo River compared to the Kasai; however, more water transporters work on the Kasai since they feel there are fewer risks in going the shorter distance. There are 13 ports along the Kasai, compared to at least 20 along the Congo River, according to IRM. The General Director of a private operator TFCE said that while air transport is faster, its cost is roughly ten times that of water transport fees. Boats moving with the current from the interior to Kinshasa take two-thirds the time of an upstream voyage to the interior.

¶4. (SBU) The principal government agency in the sector is the Regie des Voies Fluviales (RVF), which in theory is responsible for waterway upkeep. However, according to numerous contacts, it rarely performs its functions. Other relevant state agencies include the Office Nationale des Transports (ONATRA) and the Societe des Chemins de Fer du Congo (SNCC), although their roles have diminished significantly since the 1980s. ONATRA operates limited Congo

River transport, while the SNCC transport includes the eastern DRC's lakes including Kivu and Tanganyika. ONATRA reports that their boats are over 30 years old, and most of their docks are informally leased to private industries. An SNCC official in the Kinshasa office reported to EconOff that they operate at 25 percent capacity and are 26 months behind in employee salary payments. Private enterprises are becoming increasingly dominant, and make up at least three-fourths of river transport according to Initiative for Central Africa (INICA) report "Afrique Centrale Les Infrastructures de Transport."

WIDESPREAD CORRUPTION

15. (U) Despite the demand for river transport, several factors limit its growth, including corruption and the lack of supporting government services. Companies often face tax harassment, such as demands to buy an "annual" permit every six months and to pay numerous unauthorized taxes that do not apply to the transport sector. Contacts in the river sector reported varying degrees of success in dealing with these problems. One private operator reported that he was obligated to pay an illegal tax, while another managed to pay a small fee in its place. Bribery is also rampant on the rivers, increasing the cost and duration of voyages, and consequently the price of goods. A 2003 IRM study estimated that 25 percent of the cost of a bag of manioc was the result of illegal taxation. Public officials' low salaries are a main factor in the bribery, according to experts in the sector. TFCE's director said that an 18 day trip to Kisangani takes up to 30 days, as operators must check in

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with all official and unofficial "government agencies" in at least 10 different ports en route.

16. (SBU) There are four government agencies authorized to oversee port and river transport activities according to March 2002 law 036, but TFCE's director said there are at least 12 other agencies that operate unofficially (16 according to 2004 IRM reports). These include the Republican Guard, three different hygiene agencies, two agricultural agencies, four water transport police bodies, and intelligence and anti-corruption agencies. The owner of Societe Elmay et Freres on Lake Kivu reported a similar situation, with 23 illegal agencies. Conversely, in Mbandaka on the Congo River, sources said the Force Navale is the only agency controlling and exploiting the port. IRM also said that in some cases in the interior the Force Navale or the Police Fluviale control ports.

POORLY MAINTAINED WATERWAYS

17. (SBU) The GDRC's failure to maintain the waterways is the second main impediment to efficient river traffic. The RVF is responsible for dredging the river, marking the routes, and providing updated information and maps, but as discussed above, the RVF fails to perform these functions. RVF's Technical Director told EconOff the RVF needs roughly USD two million annually to perform its duties, but that the 2007 national budget allocated only USD 48,000 and that RVF direct tax receipts add little to this sum. (Note: Private operators have said their companies pay ten to twenty thousand dollars in taxes directly to the RVF per year. End note)

18. (SBU) One expert described the state of the water transport sector as "ground zero." Trees, sunken boats and other hazards, as well as undredged areas, make portions of the river inaccessible according to private operators. A forestry company owner reported that the Mbandaka port is clogged with weapons that were dumped in the water during the

conflicts and that parts of the Kinshasa port are silted. In the absence of accurate maps, captains make their own navigational charts. One operator reported that some boats send a canoe a couple of hours ahead to put up temporary markers (often sticks with a plastic bag attached) on sand bars -- which move constantly -- or rocks to aid navigation. Further, boats can only run during the day because the RVF does not light waterways.

DEMAND EXCEEDS CAPACITY

¶9. (SBU) As a result of corruption, navigation and other market obstacles, water transport activity is more limited

today than 20 years ago despite growing demand. As a result, according to IRM, many villages are not able to access goods or transport their crops because water transporters cannot or will not travel to their areas; some villages can only convey goods to the immediate areas in canoes or on makeshift rafts.

IR employees told EconOff that 20 years ago boats used to pass by villages on the Congo River every 1 minute, however now a full day can pass without any traffic. There is higher demand for transport to Kinshasa than to the interior because rural communities need to export heavy agricultural produce. The Commissariat Fluvial, which grants navigation permits, reported that 3,303 boats left the Kinshasa port in 2006 carrying 582,844 tons and that 1,660 boats entered the Kinshasa port carrying 640,236 tons, with an average total transport of 90,433 tons monthly to and from Kinshasa.

¶10. (SBU) The difficulty of acquiring new capital and skilled labor also impedes growth. Many water transport businesses are operating with old equipment. The manager of the private operator Mpkasa said it is expensive and time-consuming to import boats, and that finding skilled labor is difficult. The only navigation school in the DRC closed many years ago, and expatriate captains are subject to greater harassment than Congolese.

COMMENT

¶11. (SBU) Comment. There is an increasing demand for

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dependable river transport, and businesses already in place will have an advantage over newer arrivals as the DRC economy grows. Private companies are now taking the lead in the sector, and new opportunities could prove lucrative.

However, both cultural knowledge and specialized skills are required to prosper in this sector. Interested American investors would benefit from establishing local partnerships.

Improving RVF's performance is necessary to develop river transport, as is dealing with deeply entrenched corruption.

End comment.

MEECE